Criteria for funds to Panchayat bodies

†1480. SHRI THANGA TAMIL SELVAN: Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) the criteria based on which funds are given to Panchayat bodies;

(b) whether population is taken into account and also the census on which it is based; and

(c) whether the views of States are sought and considered on the matter and manner of financial assistance to Panchayats?

THE MINISTER OF PANCHAYATI RAJ (SHRI MANISHANKARAIYAR): (a) No funds are allocated/released to the Panchayat bodies by the Ministry of Panchayati Raj. However, the Ministry of Rural Development have informed us that under the Sampoorna Gramin Rozgar Yojana (SGRY), allocation of resources to the States is made on the basis of the proportion of the rural BPL population in the State to the total BPL population in the country. The allocation of funds at the District level within a State is determined on the basis of the proportion of the rural SC/ST population in the District to the total SC/ST population in the State and inverse of per capita production of agricultural workers in the District. Within the District, resources are distributed amongst the Panchayats on the basis of the proportion of SC/ ST population arid also the total population. However, funds allocated to a district are distributed amongst the District Panchayats, Intermediate Panchayats and Village Panchayats in the ratio of 20:30:50.

(b) The Planning Commission prepares and declares the Official Poverty Estimates for rural areas every 5 years. Based on it, funds under the SGRY are allocated to the States. However, present allocation is based on 1993-94 estimates.

(c) The SGRY aims for generation of additional wage employment and providing thereby social and economic assets and rural infrastructure development. State Governments are consulted from time to time for efficient implementation of the scheme.

Empowerment of common man to play significant role in development works

†1481. SHRIMATI MAYA SINGH: Will the Minister of PANCHAYATI RAJ be pleased to state:

. (a) whether it is a fact that no initiative has been taken to devolve power to common man to enable them to play important role in developmental

†Original notice of the question was received in Hindi.

issues as perceived in the Panchayati Raj Act passed twelve years ago;

(b) if so, the reasons therefor; and

(c) the position as obtaining till December, 2004 and the steps being taken for the next year?

THE MINISTER OF PANCHAYATI RAJ (SHRI MANISHANKAR AIYAR): (a) No, Sir.

(b) Does not arise.

(c) Article 243G of the Constitution provides that the Legislature of the State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level subject to such conditions as may be specified therein. The XI Schedule gives a list of 29 matters, and funds, functions and functionaries relating to matter included in the 29 subjects may be devolved by the States to Panchayati Raj Institutions. The authority relating to transfer of powers and funds to Panchayati Raj Institutions vests with the State Governments. The Ministry of Panchayati Raj is in constant touch with the States/UTs to ensure that the provisions of the Constitutions are complied with. The Ministry of Panchayati Raj is mandated to facilitate and secure implementation of Constitution (73rd Amendment) Act, 1992, by States in letter and spirit, by encouraging the States/UTs to adopt carefully drawn up plans of action to *inter alia* devolve functions, functionaries and funds to Panchayati Raj Institutions. To ensure that the necessary steps are taken by consensus, Ministry of Panchayati Raj organized seven Round Table (July—December, 2004). In these Conferences, about 150 recommendations have been made to strengthen Panchayats true institutions of self-government. During the first Round Table of Minister in charge of Panchayati Raj at Kolkata on 24-25 July, 2004, the subject of effective devolution of functions, functionaries and funds was discussed. A copy of the recommendations of the first Round Table is enclosed as Statement *(See* below).

The Ministry has now initiated a process of meetings and visits to review progress in implementing these recommendations. These steps will continue through 2005-06 and subsequent years with sectoral conferences and visits to each State.

Statement

Recommendations of the first round table of Ministers-in-charge of PanchayatiRaj—Kolkata. 24-25th July, 2004

Ministers in charge of Panchayati Raj and their representatives, bearing in mind the spirit of cooperative federalism which must inform the effective implementation of Panchayati Raj as set out in Para IX of the Constitution of India and related provisions, including in particular, Article 243ZD (District Planning Committees), agreed to recommend to their respective Governments, for joint acceptance by the Centre and the States, the following points of action:— Effective Devolution of Functions:

(I) The Constitution (Article 243G) provides for "devolution", that is, the empowerment of Panchayati Raj Institutions (PRIs) to function as institutions of self-government for the twin purposes of (i) making plans for economic development and social justice for their respective areas, and (ii) implementing programmes of economic development and social justice in their respective areas, for subjects devolved to the PRIs, including those listed in the Eleventh Schedule, and subject to such conditions as the State may, by law, specify. Therefore, the key objective is to ensure that Panchayati Raj Institutions function as institutions of self-government rather than as more implementing agencies for other authorities in respect of such functions as may be devolved on them;

(II) While devolution must eventually comprise the entire range of subjects provided for in the State legislation in a time-bound manner, States/ UTs may prioritize their devolution programme to ensure that for such functions as are prioritized, there is full and effective devolution in empowering PRIs as institutions of self-government in respect of these functions;

(HI) To this end, the essential step is the identification of activities related to the devolved functions with a view to attributing each of these activities to the appropriate tier of the 3-tier system. To the extent possible, there should be no overlapping between tiers in respect of any given activity;

(IV) In determining the tier of the Panchayati Raj System to which any given activity is to be attributed, the principle of subsidiarity must, to the extent possible, be followed. The principle of subsidiarity states that any activity which can be undertaken at a lower level must be undertaken at that level in preference to being undertaken at any higher level;

(V) On the basis of the identification of activities relating to devolved functions, and through the application of the principle of the subsidiarity, States/UTs may review/undertake time bound activity mapping with a view to completing this exercise within the fiscal year 2004-05;

(VI) The activity mapping model as evolved in the Ministry of Rural Development in the Report of the Task Force on Devolution of Powers and Functions upon Panchayati Raj Institutions, and the information provided about existing State-wise activity mapping in the Fact Sheets presented to the Round Table, might be drawn upon by State Governments/UT Administrations for preparing their respective activity mapping exercises;

(VII) The Union Ministry of Panchayati Raj could, on request, furnish technical assistance and expertise to State Govts./UT Administrations to accomplish activity mapping within the time-frame indicated.

(VIII) With a view to promoting a measure of irrevocability of devolved functions, devolution may be routed through legislative measures or, alternatively, by providing a strong legislative framework for devolution through executive orders.

Effective Devolution of Functionaries:

(I) The devolution of functionaries to the Panchayati Raj Institutions should be patterned on the activity mapping of activities related to devolved functions;

(II) Where the devolved activity requires the deputation of State Government officials to assist the elected PRI in planning or implementing the devolved activity, the officials concerned must be primarily responsible to, and under the disciplinary supervision and control of, the elected authority;

(III) With a view to building a cadre of officials and technocrats specialized in the devolved functions of the PRIs, State Governments/UT Administrations may consider instituting a Panchayati Raj Administrative and Technical Service, with the State Government discontinuing further recruitment of staff to State services for such devolved functions;

(IV) (i) Reconceiving the role of District Rural Development Agencies (DRDAs) as an important instrument for Panchayati Raj development through the progressive merger of DRDAs with the District Panchayats. The technical expertise and other facilities of the DRDAs should become

available to all tiers of the PRIs under the overall responsibility and disciplinary control of the elected authority in the PRIs at the appropriate level;

(ii) The activities of the reconceived DRDAs with respect to the three tiers of the Panchayati Raj System should be patterned on the activity map for the devolution of functions, functionaries and funds so that all the three tiers of PRIs have equitable access to the resources, expertise, facilities and manpower of the DRDAs.

Effective Devolution of Finances:

(I) The "sound finances" of the Panchayats is a Constitutional obligation enjoined on the States by Article 243-I. In pursuance of this Constitutional obligation, the States and the Centre, in a true spirit of fiscal federalism, should work together to strengthen the finances of the elected local bodies;

(II) To this end, the devolution of finances to the three tiers of the Panchayati Raj System should be patterned on activity mapping for the devolution of functions and functionaries, thus securing effective devolution of powers to the PRIs through the linking of the devolution of finances to the devolution of functions and functionaries;

(III) On the basis of the principles adumbrated above, the State Governments might attempt to prepare a road map, to be made effective as soon as possible, and, in any case, by the end of the text fiscal year 2005-06, which might include the following components:

(i) Devolution, tier-wise and based on activity mapping, of:

(a) Planning;

(b) Budgeting;

(c) Provisioning of finances.

(ii) Inclusion of a PRI component in the budget of each State/Central Government department based on activity mapping;

(iii) Provision of progressively larger untied funds, tier-wise, to the Panchayats by State/Central governments;

(iv) Provision of untied grants from the Planning Commission to the PRIs, tier-wise, based on activity mapping;

(v) Tier-wise allocations, based on activity mapping of the PRIs, of hitherto unallocated grants, if any, made by previous Finance Commissions, and a pre-determined pattern for the tier-wise allocation within a time bound framework of grants from the 12th and future Finance Commissions;

(vi) A schedule, to be determined by each State Government/UT Administration, of the time-frames within which State Finance Commissions should prepare their reports; for the submission of State Finance Commission recommendations, along with Action Taken Report (ATRs), to the Legislature; and for the executive to act on recommendations/ATRs endorsed by the State Legislature;

(vii) Steps to encourage PRIs to raise their own resources, especially through the provision to "appropriate" revenues raised by them for their own purposes (Article 243-H).

Gram Sabhas:

(I) Article 243-A of Part IX of the Constitution provides for the establishment of Gram Sabhas to "exercise such powers and perform such functions at the village level as the Legislature of a State may, be law, provide";

(II) A strong system of Gram Sabhas is the indispensable foundation of good governance through Panchayati Raj;

(III) Based on the two principles stated above, State Governments may review the extent legislation to determine the legislative and other steps which remain to be taken to ensure that the "powers" and "functions" mentioned in Article 243A of the Constitution are adequately incorporated in the State legislation. In particular, the following points may be examined:

(i) The need for constituting Sabhas below the Gram level (such as Gram Sansad, Upa-Gram Sabha or Ward Sabha, by whatever name called) with the aim of ensuring that the adult population in each ward is given the opportunity of conveying to the Gram Sabha their views on issues coming up for consideration as also holding the elected Ward representative responsible to the adult population in each Ward;

(ii) The periodicity of meetings of Gram Sabhas and Ward Sabhas;

(iii) Provision for full and satisfactory consultation with special or disadvantaged categories of the population, such as women, SC/ ST, landless labourer etc;

(iv) Provision for Mahila Sabha meetings, comprising all the adult women of a Ward/Gram Panchayat Area, to deliberate upon, and decide the modalities of, expressing their views in the Gram/Ward Sabhas;

(v) Endowing the Gram/Ward Sabha with meaningful empowerment through such measures as:

(a) Right/entitlement to all the information required for the Gram/ Ward Sabhas to contribute to transparent and good governance, as well as to make the elected Panchayat truly answerable to the Gram/Ward Sabha;

(b) Approve before implementation commences, plans and programmes (including budgets) for economic development and social justice prepared by the Gram Panchayat;

(c) Authorize the issuance of utilization certificates of funds allocated for the plans, projects or programmes of the Panchayat;

(d) Identification of beneficiaries.

(vi) Such social audit measures may also be appropriately institutionalized at the Block and District level.

Petroieum Regulatory **Board Bill**

1482. DR.A.K. PATEL:
SHRI LEKHRAJ BACHANI:
PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the current status of proposed Petroleum Regulatory Board Bill;

(b) whether Government are seriously considering to introduce the proposal Bill in this Session; and

(c) if so, the steps proposed to be taken by Government to protect the interest of the State Governments?

THE MINISTER OF PETROLEUM NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) Government have under consideration a Bill to set up a Petroleum and Natural Gas Regulatory Board to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas to all parts of the country, including remote areas, at fair prices